No. 95-26 (13)

Supreme Court, U.S.
FILED
DEC 8 1995
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1995

HERBERT MARKMAN and POSITEK, INC.,

Petitioners,

—v.—

WESTVIEW INSTRUMENTS, INC.
and ALTHON ENTERPRISES, INC.,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF MATSUSHITA ELECTRIC CORPORATION OF AMERICA AND MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD. AS *AMICI CURIAE* IN SUPPORT OF RESPONDENTS

MORTON AMSTER
JOEL E. LUTZKER*
**Counsel of Record*
DAVID H. KAGAN
AMSTER, ROTHSTEIN & EBENSTEIN
90 Park Avenue
New York, New York 10016
(212) 697-5995

BEST AVAILABLE COPY

37 pp

TABLE OF CONTENTS

TABLE OF AUTHORITIES

Constitutions, Statutes and Rules

Other Authorites

* Material has been lodged with the Clerk of the Court.

* Material has been lodged with the Clerk of the Court.

* Material has been lodged with the Clerk of the Court.

IDENTITY AND INTEREST OF AMICI CURIAE

Upon consent of the parties,[1] amici curiae Matsushita Electric Corporation of America and Matsushita Electric Industrial Co., Ltd. (collectively "Panasonic") submit this brief in support of the postion of respondents. Panasonic manufactures, distributes and sells a large range of electronic products and components. Panasonic is the owner of over 5,900 U.S. patents and ranks within the top ten recipients of U.S. patents annually. Although Panasonic has no direct interest in the outcome of this appeal, it participates in the technology marketplace as an innovator, a licensor, a licensee, a manufacturer and a litigant. In each of these roles, it has an interest in ensuring that the system for resolving patent disputes is rational, predictable and reviewable.

SUMMARY OF THE ARGUMENT

As recognized by this Court, the patent system must reconcile two fundamental competing interests. On one side, it must provide meaningful incentives to innovation. On the other side, it must assure that patents cannot be used to deprive the public and other innovators from use of that which should be in the public domain. Since the claims of a patent define the limits of the patent monopoly, claim certainty is the pivot upon which the patent system is balanced. How the issues on this appeal are decided will directly determine how that balance will be maintained in keeping with the constitutional mandate to promote the progress of the useful arts (Art. I, § 8, cl. 8), while preserving the Seventh Amendment right to trial of factual issues to a jury.

Recognizing that uncertainty concerning the scope of the exclusionary rights conferred by patents deters innovation, this Court has long held that claim construction is ultimately a matter of law. As technology becomes increasingly com-

[1] Letters evidencing the consent of the parties have been filed with the Clerk of the Court.

plex, it is more essential than ever that this Court require that lower courts adhere to this bedrock principle and assure that only *bona fide* factual issues are presented to juries for their determination. Under no circumstances should juries be permitted to usurp the role of the trial court to determine the ultimate meaning of the claims.

First and foremost, claim construction depends upon the documentary record. Section 112 of the patent statute requires that patents distinctly claim the subject matter which the applicants regard as their invention. To be valid, a claim must be clearly understood by persons of ordinary skill in the art based upon the patent specification and prosecution history. This statutory requirement necessarily limits the potential areas for material evidentiary dispute concerning the meaning of claims.

Since patents are written to persons skilled in the technical art, a rare evidentiary dispute may exist regarding the technical meaning of a claim term. This appeal asks this Court to determine how such a dispute will be resolved—whether by the courts as a matter of law, or by juries as a matter of fact. In answering this question, this Court should be cognizant of the uniformly recognized difficulties of juries in dealing with the complex legal and technical issues presented in patent cases and the challenges faced by appellate courts in reviewing their verdicts. If factual issues exist that are triable to the jury, this Court should require that they be determined by special verdicts or special interrogatories. This procedure is authorized by the Federal Rules of Civil Procedure and is clearly consistent with the Seventh Amendment.

Special verdicts and special interrogatories should be required under this Court's supervisory power in complex patent cases. Special verdicts help ensure rational and reviewable jury determinations by dividing the factual issues into discrete and understandable pieces and providing a proper record for review on appeal. Thus, special verdicts accomplish the necessary certainty required by Art. I, § 8, cl. 8, while satisfying the Seventh Amendment.

ARGUMENT

I. AS IMPLICITLY RECOGNIZED BY THE MARKMAN DECISION, SERIOUS PROBLEMS HAVE PREVAILED IN THE TRIAL OF PATENT CASES TO JURIES

A. Increased Use Of Juries In Complex Patent Trials Has Increased The Likelihood Of Arbitrary Results

The Federal Circuit's *Markman* decision must be viewed in the context of the Circuit's twelve year effort to fulfill its congressional mandate to bring uniformity and predictability to the patent system. *See* H.R. Rep. No. 312, 97th Cong., 1st Sess. 11 (1981). In spite of this legislative goal, increasingly, there has been a widespread realization that decisions in complex patent trials by juries have become arbitrary games of chance in which the merits are circumvented. The Advisory Commission on Patent Law Reform, *A Report to the Secretary Of Commerce* 107 (1992) (hereinafter "Advisory Commission Report") ("In many cases, the [patent] litigation process becomes at best a rough form of dispensing justice, and at worst, a process which is no better than a gamble.").[2] Recent

[2] *See also* Advisory Commission Report, *supra*, at 109 ("If the trend toward use of juries in patent cases continues, many Commission members believe that a serious threat to the patent system itself could be developing"); Gary Slutsker and David C. Churbuck, *Whose Invention Is It Anyway?*, Forbes, Aug. 19, 1991, at 114. ("[T]he patent system has become a lottery in which one lucky inventor gets sweeping rights to a whole class of inventions, and stymies development by inventors"); Edmund L. Andrews, *A "White Knight" Draws Cries of "Patent Blackmail,"* N.Y. Times, Jan. 14, 1990, § 3, at 5 (the upshot of allowing juries to handle more patent cases is a "judicial lottery [—] an often unpredictable system that can yield huge rewards for those who are sufficiently aggressive"; "[t]he courts have also allowed juries to handle more decisions, and many have proven eager to side with inventors against large

reversals of enormous jury verdicts in patent cases by the federal courts confirm this reality.[3]

As a result, the very constitutional purpose of the patent system, "[t]o promote the Progress of . . . useful Arts," Art. I, § 8, Cl. 8, is at risk and important segments of our increasingly technology driven economy are disrupted. At the same time that there is increasing skepticism about the use of the juries in complex patent trials, there has been a dramatic rise in the number of jury trials in patent disputes. Throughout most of the history of patent litigation, juries had been rarely used. By the 1990's, the proportion of jury trials in patent cases had exploded almost tenfold from its level even as recently as the 1970's.[4] *Compare* Gary M. Ropski, *Constitutional and Procedural Aspects of the Use of Juries in Patent Litigation (Part I)*, 58 J. Pat. Off. Soc'y 609, 609-11 (1976) *with* Director of Admin. Office of U.S. Courts, *Ann. Reps.* (1991-1995).

companies."); *see also* Edmund L. Andrews, *Rich in the 90's on Ideas Hatched in the 50's*, N.Y. Times, Nov. 13, 1992, at A1 ("Increasingly, companies are deciding that it is safer to buy peace for a few million dollars up front than to run the chances of losing 10 times as much in a [patent] jury trial."); Simson L. Garfinkel, *Software Makers Row Over Patents*, Christian Science Monitor, Sept. 12, 1989, at 8 (software industry expert claimed that companies like REFAC "are just buying patents to see if they can shake some money free").

[3] *See, e.g., Wardlaw v. Halliburton Co.*, No. 93-1322, 1994 U.S. App. LEXIS 30524 (Fed. Cir. Oct. 31, 1994) (reversing a $10 million judgment); *Collins Licensing v. American Tel. and Tel. Co.*, 28 U.S.P.Q.2d 1847 (Fed. Cir. 1993) (reversing $35 million judgment), *rev'g* No. 7-90-CV-201 (W.D.Tex. filed March 27, 1992); *Lemelson v. General Mills, Inc.*, 968 F.2d 1202 (Fed. Cir. 1992), *cert. denied*, ___ U.S. ___, 122 L.Ed.2d 131 (1993) (reversing $70 million judgment); *Litton Systems, Inc. v. Honeywell, Inc.*, No. CV 90-4823, 1995 U.S. Dist. LEXIS 729 (C.D. Cal. Jan. 4, 1995) (rejecting a $1.2 billion damages award); *Texas Instruments, Inc. v. Cypress Semiconductor Corp.*, No. 3:90-CV-150-H (N.D. Tex. filed Aug. 23, 1995) (rejecting $5.8 million jury verdict).

[4] There has also been a corresponding overall rise in the number of patent cases filed with the federal courts. *See* Director of Admin. Office of U.S. Courts, *Ann. Reps.* for the following years: 1980-1995. In 1992 alone, 1,474 patent cases were filed as opposed to 1,171 in 1991, a 26 percent increase over the prior year. *Id.*, Table C-2, at 180 (1993).

At issue in this appeal is the appropriate role, if any, of the jury in the interpretation and application of patent claims. In answering this question, it is essential that this Court assure that the recognized role of the judge in determining the ultimate scope and meaning of the claims is preserved. This issue comes to this Court based on a jury trial in which claim construction was originally left to the jury's decision by general verdict.

The all too common procedure of submitting ultimate legal issues to juries for resolution by general verdict must be curtailed and modified to prevent the patent system from completely becoming a "judicial lottery." The predictability and order on which the patent system depends (*See*, Section IIA, *infra*) is lost when juries are given wide berth to decide complex issues involving questions of law or mixed questions of fact and law such as the scope and meaning of a patent claim. These dangers are particularly acute when juries are asked to render their decisions by general verdict.[5]

[5] Prior to the *Markman* decision, submission of patent cases to juries by general verdict was the norm. An examination of model jury instructions and verdicts for patent cases reveals that juries are commonly asked to determine claim scope in rendering a general verdict of infringment rather than the claims being construed by the courts as a matter of law. To determine infringement, juries are often only asked to decide whether the accused device comes within any of the claims of plaintiff's patent. *See, e.g., Modern Federal Jury Instructions* 5-65, 9-120, 11-60 (Matthew Bender 1993) (5th, 9th and 11th Circuits). In the *Markman* trial below, the jury was given one simple question to determine infringement, namely, "Do the products manufactured by defendant Westview infringe any of the following claims of plaintiff Markman's patent?" *See* Joint Appendix at 282.

B. Absent Procedural Safeguards And Guidance, Juries Are Likely To Misunderstand And Misconstrue Technical Issues Presented To Them

Under the present system, juries face almost insurmountable challenges when confronted with complex scientific and technical evidence and issues which commonly arise in patent litigation. The definition of patent rights through civil litigation may be a uniquely complex and time-consuming process which places extraordinary demands on the fact finder in comprehending the principles of patent law, as well as the technical and scientific elements of the invention. Advisory Commission Report, *supra*, at 107. *See, e.g., Lemelson*, 968 F.2d 1202 (jury verdict reversed on grounds that the jury had reached inherently inconsistent conclusions regarding the alleged uniqueness of the patent in issue); *Texas Instruments*, No. 3:90-CV-150-H (jury verdict reversed because the jurors had either failed to follow the law or were hopelessly confused).

A typical jury has little or no experience in the technical or legal issues which are presented in most patent cases. *See, e.g., ILC Peripherals Leasing Corp. v. International Business Machs. Corp.*, 458 F. Supp. 423, 448 (N.D. Cal. 1978), *aff'd*, 636 F.2d 1188 (9th Cir. 1980), *cert. denied*, 452 U.S. 972 (1981) (in a complex case in which highly technical and financial issues were to be decided, only 1 out of 11 jurors had even limited technical education). Thus, most jury members are likely to be intimidated by and unfamiliar with the technical evidence which confronts them in patent litigation. Advisory Commission Report, at 107. *See, e.g., Dual Mfg. & Eng'g, Inc. v. Burris Indus., Inc.*, 619 F.2d 660, 667 (7th Cir.) (*en banc*), *cert. denied*, 449 U.S. 870 (1980) (the court observed that for this reason "members of the Patent Bar have wisely avoided jury trials in patent litigation") (citations omitted); *Tights, Inc. v. Stanley*, 441 F.2d 336, 342 (4th Cir.), *cert. denied*, 404 U.S. 852 (1971) (patent cases can involve "opaque technicalities" such as scientific theories, mechanical devices, and complex compounds which might confuse juries); *Great Plains Chem. Co., Inc. v. Micro Chem., Inc.*, 549 F. Supp. 1348 (D. Colo. 1982). ("This case is a monument to the risk of futility in asking a jury to decide a complex patent case."); *cf. Ross v. Bernhard*, 396 U.S. 531, 538 n.10 (1970) (the Supreme Court tacitly recognized that juries had "practical abilities and limitations"); *ILC Peripherals Leasing Corp.*, 458 F. Supp. at 447 (even though "[t]he jurors were conscientious and diligent, . . . their past experience had not prepared them to decide a case involving technical and financial questions of the highest order").[6]

[6] Frequently during jury selection, a venireman who is perceived to have training in technology, or relevant education and experience will be challenged by one of the parties. Advisory Commission Report, *supra*, at 107; Steven I. Friedland, *Legal Institutions: The Competency and Responsibility of Jurors in Deciding Cases*, 85 Nw. U.L. Rev. 190, 193 (1990). This is because inevitably one party will perceive its case as being technically weak and that it is to its advantage to use peremptory challenges to rid the panel of any juror likely to bring an informed technical understanding of the issues. Martin J. Adelman, *The New World of Patents Created by the Court of Appeals for the Federal Circuit*, 20 U. Mich. J.L. Ref. 979, 1004 (1987); Laura A. Kiernan, *Burger Sees Complex Trials Beyond Capacity of Jurors*, Wash. Post, Aug. 8, 1979, at A4 (Chief Justice Warren Burger was quoted as saying "[e]xperienced business and professional people, accountants, professors of economics, statisticians or others competent to cope with complex economic or scientific questions are often taken off juries by lawyers"). *See also* Warren E. Burger, *Is Our Jury System Working?*, Reader's Dig., Feb. 1981, 126, 129 ("When lawyers are allowed in on [the jury selection] process they often pervert the quest for an impartial jury with questions that seek not so much to identify bias as to divine sympathies and thus obtain a favorable jury.").

A statistical study of the jury selection in *SCM Corp. v. Xerox Corp.*, 463 F. Supp. 983 (D. Conn. 1978), confirms that there is an inherent systematic bias in the jury selection process. The study made the following significant findings: over half of the available jurors were excused for cause; members of the jury population with relevant skills and background were more likely to be excused; those who had education beyond high school were more likely to be challenged; and the jurors charged with resolving the case had an average education of the tenth grade.

Consequently, jurors are often incapable of fully understanding the issues or the evidence involved in complex cases, and therefore, cannot decide such cases rationally in accordance with the facts and the applicable rules of law. *See e.g.*, *Wardlaw*, No. 93-1322, 1994 U.S. App. LEXIS 30524 (no reasonable jury could have concluded that plaintiff's patent was infringed under the doctrine of equivalents); *Senmed, Inc. v. Richard-Allan Medical Indus., Inc.*, 888 F.2d 815 (Fed. Cir. 1989) (jury's interpretation of the patent claims could not be sustained legally); *see also* Adelman, *supra*.[7]

Given the daunting difficulties facing juries in deciding patent cases, it is imperative that jury trials be conducted with proper procedural safeguards and guidance so as to reduce the likelihood that the process will result in irrational, unreviewable, and unpredictable decisions. Advisory Commission Report, *supra*, at 109 ("the Commission notes that some means *must* be employed to ensure consistent and accurate results in jury trials") (*emphasis added*). For the system to operate efficiently and predictably, legal issues must be maintained for decision by the courts and triable factual issues

Douglas W. Ell, Note, *The Right to an Incompetent Jury: Protracted Commercial Litigation and the Seventh Amendment*, 10 Conn. L. Rev. 775 (1978).

[7] The Special Committee on Jury Comprehension of the American Bar Association's Litigation Section undertook an in-depth examination of jury decision making in complex cases. Special Committee of Jury Comprehension, A.B.A. Litig. Sec., *Jury Comprehension in Complex Cases*, (1989). The study confirmed other research by demonstrating juror difficulty in understanding and applying judicial instructions. *Id.* at 43-52. The study reveals that jury comprehension is affected by the juror's own personal familiarity with the problem in issue. *Id.* at 25-26. In a sexual harassment trial, the jurors expressed familiarity with the interpersonal events involved, and the large volume of evidence presented was not a problem. *Id.* at 26. In contrast, in a trade secrets case, jurors indicated that they had trouble deciding one of the claims because of the large volume of evidence they had to consider. *Id.* at 25 (most jurors reported that they were overwhelmed by the technical nature of the evidence in trying to decide complex technical cases).

must be manageably presented to the jury for its resolution. Failure to do so jeopardizes the constitutional and statutory interests in the patent grant.

II. ALLOWING JURIES AND NOT THE COURT TO DETERMINE THE ULTIMATE MEANING OF A CLAIM THWARTS THE CONSTITUTIONAL AND CONGRESSIONAL MANDATES UNDERLYING THE PATENT LAWS AND IS AT ODDS WITH THIS COURT'S PRIOR DECISIONS

A. The Constitutional Mandate Establishing The Patent System Requires That Claims Be Precise And Capable Of Predictable Determination By The Interested Public

It is well recognized and understood that the competitive conditions created by our free enterprise system are the very lifeblood of the American economy. It is further recognized that industrial innovation is essential to the nation's welfare through the productivity gains, economic growth, new jobs and higher standard of living that result from technological progress.[8]

The U.S. patent system is designed to promote technological innovation by providing clear and enforceable rights of ownership to the subject matter that is properly described and identified in the claims of a patent. The patent confers the potent right on its owner to exclude all others from making, using or selling that which is properly defined by the claims. 35 U.S.C. § 154(a)(1) (1995). Since technological innovation is often dependent upon the expenditure of substantial amounts of time, effort and capital resources, the patent system encourages and rewards these efforts through the economic incentive provided by the right to exclude. As this

[8] *See* Advisory Committee on Industrial Innovation, *Final Report*, at 6 (1979); *Global Competition, The New Reality: The Report of the President's Commission on Industrial Competitiveness*, Vol. I, at 2-3 (1985).

Court stated in *Graham v. John Deere Co.*, 383 U.S. 1, 9 (1966), "[t]he patent monopoly was not designed to secure to the inventor his natural right in his discoveries. Rather, it is a reward, an inducement to bring forth new knowledge."

The founding fathers, including Thomas Jefferson, recognized the importance of encouraging inventors with the incentives that private monopolies provide, but they also understood that patent monopolies come at a price. Article I, § 8, Cl. 8 prohibits "the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available." *Graham*, 383 U.S. at 6. The framers recognized that because patents grant to their owners the ability to monopolize the production, use and sale of the subject matter described by the patent claims, these private monopoly rights may reduce or eliminate competition, resulting in restricted output and higher prices to consumers. *Graham*, 383 U.S. at 7-10. *See also* F.M. Scherer, *Industrial Market Structure and Economic Performance*, 442, 450 (2d ed. 1980); George J. Stigler, *The Organization of Industry*, 123-25 (1980).

For these reasons, the founding fathers were careful to authorize the establishment by Congress.of a patent system that carefully balanced the inducements of invention provided by private monopolies against the concomitant harm to competition. As this Court stated in *Atlantic Works v. Brady*, 107 U.S. 192, 200 (1882), in warning of the harm of unwarranted patent rights:

> Such an indiscriminate creation of exclusive privieges tends rather to obstruct than to stimulate invention. It creates a class of speculative schemers who make it their business to watch the advancing wave of improvement, and gather its foam in the form of patented monopolies, which enable them to lay a heavy tax upon the industry of the country, without contributing anything to the real advance-

> ment of the arts. It embarrasses the honest pursuit of business with fears and apprehensions of concealed liens and unknown liabilities to lawsuits and vexatious accountings for profits made in good faith.

The constitutional balance requires that "the things which are worth to the public the embarrassment of an exclusive patent," must outweigh the restrictive effect of the limited patent monopoly. *Graham*, 383 U.S. at 10-11.

Thus, Art. I, § 8, Cl. 8, of the U.S. Constitution is both a grant and a limitation on the power of Congress. The grant is to establish laws to encourage and reward individual effort by means of private patent monopolies. The limitation is to the particular end of "promot[ing] the Progress of Science and useful Arts." *Graham*, 383 U.S. at 9.

In order to provide the appropriate stimulus to invention, it is essential that the law protect through the mechanism of the patent monopoly only that which the inventor properly claims and defines as his invention, and no more. Uncertainty concerning the enforceable scope of patent claims chills the progress of the useful arts because innovators and entrepreneurs will be more reluctant to invent and invest when they are unable to reasonably evaluate the benefits of patent rights and the risks of infringement.

Efficient business and industry upon which our economy depends is dependent upon the creation of a stable body of law that can be precisely applied to determine what the public is excluded from using by the patent claim, and what remains to be freely used by the public unmolested. Because of the huge amounts of capital resources that can depend on where the boundary will ultimately be drawn, it is essential that businesses can rely on the rational application of the legal principles by the courts. These were the very concerns and objectives that motivated Congress to revise the patent laws in 1952. *Graham*, 383 U.S. at 18. (The purpose of the

1952 revision was to foster "uniformity and definiteness"). These same concerns also motivated Congress to form the Court of Appeals for the Federal Circuit which has exclusive appellate jurisdiction over patent matters. *See* H.R. Rep. No. 312, 97th Cong. 1st Sess. 11 (1981) ("[T]he uniformity in the law that will result from the centralization of patent appeals in a single court will be a significant improvement from the standpoint of the industries and businesses that rely on the patent system. Business planning becomes easier as more stable and predictable patent law is introduced.").

In order to strike the balance envisioned by the constitutional framers, the statutory scheme established by Congress requires that a patent claim submitted by the patentee and allowed by the Patent and Trademark Office shall "distinctly claim[ ] the subject matter which the applicant regards as his invention." 35 U.S.C. § 112 (1984). This particularity requirement ensures that the patentee's right to exclude is appropriately limited and that the patent claim provides the required notice to the public. As stated in *White v. Dunbar*, 119 U.S. 47, 52 (1886):

> The [patent] claim is a statutory requirement, prescribed for the very purpose of making the patentee define precisely what his invention is; and it is unjust to the public, as well as an evasion of the law, to construe it in a manner different from the plain import of its terms. This has been so often expressed in the opinions of this Court that it is unnecessary to pursue the subject further.

When the metes and bounds of a patent claim are not reliably and predictably determined by the federal courts, the lines of intellectual property ownership become blurred. When this occurs, companies may be deterred from entering markets that should be open to competition, or may face lawsuits brought by competitors seeking to gain market share, stifle competition, or collect damages and royalties to which

they are not lawfully entitled. A patent system in which the scope of a patent cannot be predictably determined by the application of established principles does not comply with Constitutional or congressional mandates.

B. The Ultimate Meaning Of A Claim Is A Matter Of Law For The Court To Determine Based Upon the Documentary Record

This Court has long made clear that claim construction is a matter of law to be determined by the trial court. *Coupe v. Royer*, 155 U.S. 565, 579-80 (1895); *Bischoff v. Wethered*, 76 U.S. (9 Wall.) 812, 816 (1870); *Winans v. New York & Erie R.R.*, 62 U.S. (21 How.) 88, 100 (1858); *Winans v. Denmead*, 56 U.S. (15 How.) 330, 338 (1853); *Hogg v. Emerson*, 47 U.S. (6 How.) 437, 484 (1848); *see also* 2 William C. Robinson, *The Law of Patents for Useful Inventions*, § 731, at 481 (1890).

Winans v. Denmead, 56 U.S. at 338, leaves no doubt regarding the proper responsibility of the courts in determining the ultimate scope and meaning of a claim. *Winans* was a patent jury trial in which this Court was presented with the question of whether infringement was for the court or the jury to decide. In settling this issue, this Court unequivocally stated that claim construction is a matter of law for the trial judge:

> On such a trial [for infringement], two questions arise. The first is, what is the thing patented; the second, has the thing been constructed, used or sold by the defendants.
>
> The first is a question of law, to be determined by the court, construing the letters-patent, and the description of the invention and specification of claim annexed to them. The second is a question of fact, to be submitted to a jury.

Id. at 338. Thereafter, in *Coupe*, 155 U.S. at 579, this Court recounted its cases on point and summarized them as follows:

> The doctrine of the cases is aptly expressed by Robinson . . . as follows: "Where the defense denies that the invention used by the defendant is identical with that included in the plaintiff's patent, the court defines the patented invention as indicated by the language of the claims; the jury judges whether the invention so defined covers the art or article employed by the defendant."

That claims be construed as a matter of law by the trial court is necessary in order "that the public, while the term continues, may be able to understand what the patent is, and refrain from its use, unless licensed." *Hogg*, 47 U.S. at 484. *Accord*, *Permutit Co. v. Graver Corp.*, 284 U.S. 52, 60 (1931).

That is not to say that the determination of the ultimate scope and meaning of a claim by the court as a matter of law may not require the resolution of material evidentiary disputes. Because claims are written to one of ordinary skill in the art, evidentiary disputes may arise regarding the interpretation of a technical term to a worker skilled in the art.

> But the specifications of patents for inventions are documents of a peculiar kind. They profess to describe mechanisms and complicated machinery, chemical compositions and other manufactured products, which have their existence *in pais*, outside of the documents themselves; and which are commonly described by terms of the art or mystery to which they respectively belong; and these descriptions and terms of art often require peculiar knowledge and education to understand them right; and slight verbal variations, scarcely noticeable to a common reader, would be detected by an expert in the art, as indicating an important variation in the invention.

Bischoff, 76 U.S. at 815.

However, a material evidentiary issue can only arise in connection with claim interpretation where a party initially meets its high threshold burden of introducing evidence that a disputed claim term has a special technical meaning to one of ordinary skill in the applicable art *and* demonstrating that this special technical meaning is not inconsistent with the documentary record relied upon by the Patent and Trademark Office and the public. It is the responsibility of the trial judge to act as the gatekeeper and discern whether specific triable evidentiary issues are actually present with respect to the issue of claim construction. *See Winans v. New York & Erie R.R.*, 62 U.S. at 100. ("The testimony of experts which was rejected had no relevancy to the facts on which the jury were to pass, but seemed rather to be intended to instruct the court on some mechanical facts or principles on which the court needed no instruction, or to teach them what was the true construction of the patent"); *Structural Rubber Prods. Co. v. Park Rubber Co.*, 749 F.2d 707, 714 (Fed. Cir. 1984) ("[D]uring the course of a trial it is incumbent on the court to discern what material, factual issues are actually present in the case.").

Thus, in order to determine whether a material evidentiary issue exists, the trial judge must make an initial determination as to whether a disputed claim term is urged to have a special technical meaning and, if so, whether the proffered meaning is *consistent* with the documentary record. *See*, *Schriber-Schroth Co. v. Cleveland Trust Co.*, 311 U.S. 211, 220-21 (1940). *See also Intellicall, Inc. v. Phonometrics, Inc.*, 952 F.2d 1384, 1388 (Fed. Cir. 1992) ("The litigation-induced pronouncements of [the inventor], coming nearly at the end of the term of his patent, have no effect on what the words of that document in fact do convey and have conveyed during its term to the public.") (citing *Lear Siegler, Inc. v. Aeroquip Corp.*, 733 F.2d 881, 889 (Fed. Cir. 1984)). Accordingly, prior precedent of this Court and elsewhere dictates that a material evidentiary issue as to claim construction only arises where two independent criteria are met: first, the judge must deter-

mine whether there is a genuine evidentiary dispute as to whether the claim term has a special technical meaning; and second, the judge must then determine whether the proffered definitions are *consistent* with the documentary record.

An issue raised by the parties to this appeal is whether material and genuine evidentiary disputes concerning technical meanings of claim terms are purely legal disputes, in which case they are to be decided by the trial judge as a matter of law, or whether they represent discrete factual issues to be decided by the jury.[9]

However, this case does not necessarily present the issue of whether subsidiary fact issues regarding the meaning of technical terms should be submitted to the jury. Indeed, applying the rules of patent construction to the Markman patent demonstrates that there were no genuine and material evidentiary disputes with respect to the interpretation of the claims. The patent here pertains to a system for dry cleaning establishments to track customer clothing. The issue before the district court was whether the claim term "inventory" referred to only articles of clothing or whether it also included cash in the till. This dispute as to the meaning of the term "inventory" is precisely the type of dispute that the trial judge must resolve as a matter of law since the term does not have a technical meaning in the relevant art and therefore must be construed in accordance with the documentary record and ordinary English usage.

[9] We do not take a position on this question since, we contend, the record contains no genuine and material evidentiary dispute regarding the meaning of the claim term "inventory" as used in the Markman Patent. However, if this Court finds it necessary to reach this issue and concludes that there were factual issues, we provide our views as to how those narrow factual issues should be tried so as to properly preserve the appropriate role of judge and jury and ensure that the ultimate meaning of a claim always remains a question of law for the trial judge. *See* Section III, *infra*.

III. IN THE RARE CASE WHERE AN UNDERLYING, EVIDENTIARY DISPUTE ARISES REGARDING THE DETERMINATION OF THE MEANING OF A TECHNICAL CLAIM TERM, THE MATTER SHOULD BE RESOLVED, IF TRIABLE TO A JURY, BY NARROWLY FOCUSED SPECIAL VERDICTS OR SPECIAL INTERROGATORIES

When issues of fact and law are tried to a jury, it is essential that the courts institute safeguards consistent with the Seventh Amendment to ensure that the legal issues are determined by the court and that only triable factual questions are determined by the jury. When the jury is allowed to render a general verdict in a patent case, the jury may usurp the court's role of determining the ultimate scope of the claims as a matter of law. The use of special verdicts or special interrogatories ensures that the judge and jury properly perform their respective roles.

A. Special Verdicts Or Special Interrogatories Help Ensure That The Jury Process Is Rational, Reviewable And Predictable

Rule 49 of the Federal Rules of Civil Procedure authorizes the use of special verdicts or special interrogatories in civil cases.[10] Rule 49 verdicts provide a process by which juries' decisions of evidentiary fact may be distinguished from the application of law to fact and from the courts' determination of law. To achieve this purpose, Rule 49 verdicts should place narrowly framed, fact specific questions to the jury.[11]

[10] Rule 49(a) authorizes the use of special verdicts, while Rule 49(b) authorizes the use of special interrogatories. Where special verdicts under Rule 49(a) are used, the jury only renders written findings upon each issue of fact. Where special interrogatories under Rule 49(b) are used, the jury renders a general verdict and also answers written interrogatories on specific issues of fact necessary to the verdict.

[11] In the case of special verdicts, in order to properly direct the jury's fact finding role, little or no explanation of the substantive law is necessary or, indeed, desirable:

(footnote continued)

Rule 49, Fed. R. Civ. P., is consistent with the Seventh Amendment, which this Court has held requires only "that questions of fact in common law actions shall be settled by a jury," *Walker v. New Mexico & S. Pac. R.R.*, 165 U.S. 593, 596 (1897). On this basis, this Court has upheld the use of directed verdicts and summary judgment where there are no triable issues of fact to be decided by the jury. *Galloway v. United States*, 319 U.S. 372, 396 (1942) (upholding directed verdicts); *Fidelity & Deposit Co. of Md. v. United States*, 187 U.S. 315, 320 (1902) (upholding summary judgment). Indeed, this Court's promulgation of a Rule is "a prima facie judgment that the Rule in question transgresses neither the terms of the [Rules] Enabling Act nor constitutional restrictions." *Hanna v. Plummer*, 380 U.S. 460, 471 (1965).

The practical experiences of the Federal Circuit led it to recognize that Rule 49 verdicts are ideally suited to complex patent litigation. This recognition is based on the conclusion that absent procedural safeguards, the danger of juror confusion concerning both technology and law is particularly acute and carries with it the likelihood of material harm to the public interest fostered by the patent system.[12] The Federal Circuit, therefore, has favored the use of special verdicts:

> When using the special verdict, the judge need not—should not—give any charge about the substantive legal rules beyond what is reasonably necessary to enable the jury to answer intelligently the questions put to them.

Skidmore v. Baltimore & O.R. Co., 167 F.2d 54, 66, (2d Cir. 1945), *cert. denied*, 335 U.S. 816 (1948).

[12] Since nearly its inception, the Federal Circuit has been keenly aware of the problems presented by the trial of patent cases to juries. In *Structural Rubber*, 749 F.2d at 718, it recognized that:

> Concerns have been expressed by the patent bar that a jury trial creates a black box into which patents are thrown and emerge intact or invalid by an unknown and unknowable process. The trial of a patent case, in which the judge and jury perform appropriate functions and which provides a record that clearly delineates the basis for the decision, not only allay these concerns, but is also the right of the litigants.

> Because of the many factual variables which may enter into . . . a general verdict, it is a formidable task to draft unobjectionable instructions which lay out alternative mandatory general verdicts if specific facts are found. However, [the use of special verdicts under] Fed. R. Civ. P. 49(a), provides a viable alternative . . . .
>
> Resort to Rule 49(a) greatly simplifies the instructions which must be given and clearly separates the respective functions of judge and jury . . . The utilization of Rule 49(a) appears to us as a particularly useful tool in conserving judicial resources and in effectuating the Congressional policy expressed in the patent laws.

Structural Rubber, 749 F.2d at 723-24. *Accord*, *Railroad Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1517 (Fed. Cir.), *cert. denied*, 469 U.S. 871 (1984) ("Failure to submit detailed fact interrogatories will not in every case result in the need for a new trial. Rule 49, Fed. R. Civ. P. The practice is nonetheless strongly recommended as an appropriate means of guiding a jury, increasing the reliability of its verdict, and facilitating the judicial role following a jury trial"). *See generally*, Samuel M. Driver, *The Special Verdict - Theory and Practice*, 26 Wash L.Rev. 21 (1957), Elizabeth A. Faulkner, Note, *Using the Special Verdict to Manage Complex Cases and Avoid Compromise Verdicts*, 21 Ariz. St. L.J. 297 (1989); Charles T. McCormick, *Jury Verdicts Upon Special Questions in Civil Cases*, 2 F.R.D. 176 (1941); John R. Brown, *Federal Special Verdicts: The Doubt Eliminator*, 44 F.R.D. 338 (1967); Gary M. Ropski, *Constitutional and Procedural Aspects of the Use of Juries in Patent Litigation (Part II)*, 58 J. Pat. Off. Soc'y. 673 (1976).

The experiences of the regional circuits prior to the creation of the Federal Circuit led them to place an even stronger emphasis on the unique need for special verdicts in patent cases and, in the case of the Seventh Circuit, to require their

use. In its parting words of advice to the newly created Federal Circuit, the Seventh Circuit issued an *en banc* decision in which, using its supervisory powers, it reiterated that special verdicts were mandated in patent jury trials. *Roberts, v. Sears, Roebuck & Co.*, 723 F.2d 1324, 1340 (7th Cir. 1983) (*en banc*) (citing *Dual Mfg. & Eng'g, Inc.*, 619 F.2d 660).

In *Roberts*, the Seventh Circuit was faced with the appeal of a judgment following a jury trial in which the patent in suit was found valid and infringed and over eight million dollars in damages were awarded. The case was presented to the jury to render what the trial court characterized as "special verdicts" on willfulness, infringement, anticipation (i.e., validity under 35 U.S.C. § 102) and obviousness (i.e., validity under 35 U.S.C. § 103). *Roberts*, 723 F.2d at 1328. The Seventh Circuit ruled that the "special verdicts" framed for jury determination were in fact impermissible, broad, general verdicts on issues which mixed fact and law. Accordingly, "[t]he trial court abdicated its control over the legal issue," *Id.* at 1342, and a new trial was required:

> The verdict form utilized was "special" only in the sense that the legal issue of patent validity was broken down into components of obviousness and anticipation. Proper special verdicts, however, are to be addressed only to the subsidiary questions of fact that compose the *Graham* tripartite inquiry upon which the legal determination of validity must rest, not to the obviousness and anticipation components of patent validity themselves.

Id. at 1340.

The Fifth, Eighth and Eleventh Circuits reached similar conclusions regarding the use of special verdicts in complex patent cases. *See Baumstimler v. Rankin*, 677 F.2d 1061, 1071-72 (5th Cir. 1982) ("[w]hile the use of special interrogatories is left to the sound discretion of the trial judge, failure to utilize this method in a patent case places a heavy

burden of convincing the reviewing court that the trial judge did not abuse his discretion"); *Manufacturing Research Corp. v. Graybar Elec. Co., Inc.*, 679 F.2d 1355, 1365 (11th Cir. 1982); *E.I. du Pont de Nemours & Co. v. Berkley & Co., Inc.*, 620 F.2d 1247, 1256, n.5 (8th Cir. 1980). *See also, Control Components, Inc. v. Valtek, Inc.*, 609 F.2d 763, 774 (5th Cir. 1980) (Rubin, J., concurring in part and dissenting in part) (use of general verdicts is a "Serbonian bog that threatens to engulf patent litigation"); *Control Components, Inc. v. Valtek, Inc.*, 616 F.2d 892 (5th Cir.), *cert. denied*, 449 U.S. 1022 (1980) (dissent from denial of rehearing *en banc*) (submission of obviousness to jury by general verdict is inconsistent with *Graham v. John Deere Co.*, 383 U.S. 1 (1966)).

The perils of general verdicts in patent litigation are two fold. Not only is the presentation of complex mixed issues of law and technical fact likely to result in juror bewilderment and error, but because of the limitations and fictions utilized on review of general verdicts, these errors are frequently beyond the courts' powers to detect and correct.

When a court is presented with a naked general verdict involving mixed issues of law and fact or the application of law to fact, an erroneous verdict may be effectively unreviewable because it is impossible to unscramble the issues of law from the issues of fact in order to analyze and assess whether the decision of the jury was both legally correct and based upon non-reversible factual findings. *See, Roberts*, 723 F.2d at 1343. This is so because on review of a general verdict "[i]n the absence of special interrogatories, [the Federal Circuit] presume[s] the existence of factual findings and legal conclusions necessary to support the verdict reached by the jury." *Bio-Rad Lab., Inc. v. Nicolet Instrument Corp.*, 739 F.2d 604, 607 (Fed. Cir. 1984), *overruled on other grounds by Markman v. Westview Instruments, Inc.*, 52 F.3d 967 (Fed. Cir. 1995) (*en banc*); *Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888, 893 (Fed. Cir.), *cert. denied*, 469 U.S. 857 (1984). Because the facts actually found by the jury are

never known outside the jury room, a jury's general verdict on patent infringement or validity can be affirmed even where, in truth, it is based upon a legally prohibited claim meaning.[13] In such circumstances, the benefits of the use of special verdicts or special interrogatories seem beyond dispute.[14] *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1546 (Fed. Cir. 1983) (the practice of allowing a jury to return a naked general verdict leaves a wide area of uncertainty on review causing grave concerns over use of general verdicts in patent cases). Unfortunately, Rule 49 verdicts are all too rarely employed based upon present notions of the discretionary nature of their use. *See Weinar v. Rollform Inc.*, 744 F.2d 797, 809-10 (Fed. Cir. 1984), *cert. denied*, 470 U.S. 1084 (1985).

---

[13] Both patent infringement and patent validity require as a threshold issue that the meaning of the patent claims be determined. Accordingly, any undetected error or claim interpretation necessarily corrupts the entire jury verdict in a patent trial. *See Roberts*, 723 F.2d at 1338-39:

> Initially, we note that the jury was required to interpret the scope and identity of the Roberts patent claim. That was asking too much of the jury. Construction of the patent claim, a prerequisite to the determination of validity and infringement, is a matter of law for the court. Only a factual dispute as to the meaning of a term of art used in the patent claim, the resolution of which required resort to expert testimony, properly would have been submitted to the jury. *Super Prods. Corp. v. D P Way Corp.*, 546 F.2d 748, 756 (7th Cir. 1976). Because the trial court's construction of Roberts' claim was necessary to the jury's resolution of the factual disputes on the differences between the subject matter of the claim and the prior art, that error has shadowed the entire decisional process.

[14] Petitioner, respondent, and another amici in support of petitioner have themselves recognized and supported the use of special verdicts or special interrogatories to resolve what they characterize as factual issues underlying claim interpretation. *See*, Brief for Petitioners at 40 n.21, Brief of Litton Systems, Inc. at 28 n.44, *and* Joint Appendix at 284.

B. This Court Should Now Exercise Its Supervisory Authority And Require The Use Of Rule 49 Verdicts In Patent Cases Absent Special Circumstances

Although Fed. R. Civ. P. 49 provides that the district courts "may require" special verdicts, or interrogatories, the discretion thus vested in the trial courts has limits. In cases such as this, "a district court's exercise of discretion is to be judged in the 'interest of sound judicial administration.' " *Curtiss-Wright Corp. v. General Elec. Co.*, 446 U.S. 1, 10 (1980) (citing *Sears Roebuck & Co. v. Mackey*, 351 U.S. 427, 437 (1956)). *See Albemarle Paper Co. v. Moody*, 422 U.S. 405, 416 (1975). ("However, such discretionary choices are not left to the courts' 'inclination, but to its judgment; and its judgment is to be guided by sound legal principles.' *United States v. Burr*, 25 F. Cas. 30, 35 (C.C. Va. 1807) (Marshall, C.J.).")

Prior to the establishment of the Federal Circuit, the Seventh Circuit, when confronted with the difficulties in reviewing patent appeals, exercised its supervisory authority and mandated the use of special verdicts. *Roberts*, 723 F.2d at 1340-41. Other circuits indicated a strong preference that special verdicts be utilized in these circumstances. (*See* Section III A, *supra*) Likewise, the Federal Circuit recognized the benefits of special verdicts but felt that it did not have the power to mandate their use. *Weinar*, 744 F.2d at 809-10.[15]

This Court unquestionably has the supervisory power over the administration of justice in federal courts. *McNabb v. United States*, 318 U.S. 332, 341 (1942). This supervisory power is inherent to this Court and includes the power "to mandate 'procedures deemed desirable from the viewpoint of

---

[15] In various opinions, the Federal Circuit has indicated that it is not vested with the supervisory powers that the regional circuits may exercise. *In Re Innotron Diagnostics*, 800 F.2d 1077, 1083 (Fed. Cir. 1986)

sound judicial practice although in nowise commanded by statute or by the Constitution.' " *Thomas v. Arn*, 474 U.S. 140, 146-47 (1985), (citing *Cupp v. Naughten*, 414 U.S. 141, 146 (1973). *See Bank of U.S. v. Halstead*, 23 U.S. (10 Wheat.) 51, 61 (1825) (Marshall, C.J.) ("Congress might regulate the whole practice of the courts, if it was deemed expedient so to do; but this power is vested in the courts; and it never has occurred to anyone that it was a delegation of legislative power.").

This Court's supervisory power extends to civil cases and has been exercised to ensure that juries in federal civil cases are fair and impartial. *Thiel v. Southern Pac. Co.*, 328 U.S. 217, 220 (1945). *See Peters v. Kiff*, 407 U.S. 493, 500 n.9 (1972) (recognizing the exercise of supervisory power in *Thiel*). Supervisory power "rests on the firmest ground when used to establish rules of judicial procedure." *Thomas*, 474 U.S. at 147 n. 5. Requiring the use of special verdicts in patent cases is just such a rule of judicial procedure.

Special verdicts further "sound judicial administration" and should be required in patent cases absent special circumstances demonstrating that the claim construction issue is simple and straightforward; and that the scope of the claim can be easily explained by the trial judge and readily understood by the jury. Anything less fails to address the constitutional and statutory requirement that patent claims provide clear notice to the public, the difficulties confronted by juries in deciding patent cases, and the serious due process questions raised by the submission of complex patent cases for jury decision by general verdict. (*See* Section III C, *infra*).

In *Thiel*, this Court held that supervisory authority was necessary to ensure that a representative and impartial jury was empanelled. Here, the need to ensure that a rational and reviewable decision is rendered by the jury similarly requires the exercise of supervisory authority.

C. The Use of General Verdicts In Complex Patent Litigation Raises Serious Due Process Questions

A "fair trial in a fair tribunal is a basic requirement of [procedural] due process." *Withrow v. Larkin*, 421 U.S. 35, 46 (1975) (citing *In re Murchison*, 349 U.S. 133, 136 (1955)). The function of the due process clause is to promote procedures that "minimize the risk of erroneous decisions." *Greenholtz v. Inmates of the Neb. Penal and Correctional Complex*, 442 U.S. 1, 13 (1979) *See Matthews v. Eldridge*, 424 U.S. 319, 335 (1976); *Peters*, 407 U.S. at 501 (there is a "due process right to a competent and impartial tribunal").

To our knowledge, this Court has not addressed whether the Due Process Clause is violated when mixed issues of law and fact are presented to a jury for resolution by general verdict.[16] Given the complexity of the legal issues regarding claim construction and of the facts presented in most patent cases and further given the "practical abilities and limitations of juries," *Ross*, 396 U.S. at 538 n.10, serious due process concerns may exist when juries are asked to decide patent cases by general verdict.

In *Matthews*, 424 U.S. at 334, this Court recognized that " ' "[d]ue process," unlike some legal rules, is not a technical concept with a fixed content unrelated to time, place, and circumstances.' *Cafeteria & Restaurant Workers Union v. McElroy*, 367 U.S. 886, 895 (1961)." Accordingly, the Court in *Matthews* set forth a method for determining the nature and extent of required procedures when due process concerns are implicated. As stated by Justice O'Connor:

---

[16] In *United Gas Public Serv. Co. v. Texas*, 303 U.S. 123, 140-41 (1937), this Court considered whether on the record before it there was a constitutional violation by submission of complex *factual* issues to a jury by general verdict and concluded that there was not. This differs from the case at hand which questions the submission of the ultimate *legal* meaning of a claim to a jury as part of a general verdict of infringement.

> Matthews described a sliding scale test for determining whether a particular set of procedures was constitutionally adequate. We look at three factors: (1) the private interest at stake; (2) the risk that existing procedures will wrongly impair this private interest, and the likelihood that additional procedural safeguards can effect a cure; and (3) the governmental interest in avoiding these additional procedures. Matthews, *supra*, at 335, 47 L Ed 2d 18, 96 S Ct 893.

Pacific Mut. Life Ins. Co. v. Haslip, 499 U.S. 1, 53 (1991) (O'Connor, J. dissenting). Here, there are clear private interests of patentees and defendants at stake; the risk that the existing procedures will wrongly impair these private interests is very high (*see* Section I, *supra*); procedural safeguards are readily available to effect a cure (*see* Section III A, *supra*); and the governmental interest in avoiding these procedures is non-existent.

Special verdicts resolve due process concerns both at the trial level and on appeal. Special verdicts "minimize the risk of erroneous decisions" at the trial level by ensuring that the judge and jury properly perform their respective roles. Special interrogatories also facilitate effective review at the appeal level by ensuring that the findings of fact and conclusions of law are properly demarcated so that the appellate court can apply the appropriate and respective standard of review to each. *See Griffin v. Illinois*, 351 U.S. 12, 20 (1956) (due process at appellate level is required).

IV. CONCLUSION

The judgment below should be affirmed and this Court should provide clear direction to the federal trial courts concerning the allocation of legal and factual issues between judge and jury in patent trials.

Respectfully submitted,

MORTON AMSTER
JOEL E. LUTZKER*
**Counsel of Record*
DAVID H. KAGAN
AMSTER, ROTHSTEIN & EBENSTEIN
90 Park Avenue
New York, New York 10016
(212) 697-5995

Counsel for Amici Curiae
Matushita Electric Corporation of America and Matsushita Electric Industrial Co., Ltd.

December 8, 1995